

California Gambling Control Commission

2399 GATEWAY OAKS DRIVE, SUITE 220

SACRAMENTO, CA 95833

(916) 263-0700 FAX (916) 263-0499

www.cgcc.ca.gov

**MINUTES OF JANUARY 27, 2011
COMMISSION MEETING**

OPEN SESSION

1. Call to Order and Pledge of Allegiance.

Chairperson Stephanie Shimazu called the meeting to order at 10:01 a.m., and asked everyone to stand for the Pledge of Allegiance.

2. Roll Call of Commissioners.

Roll Call of Commissioners was taken, with Chairperson Stephanie Shimazu and Commissioners Tiffany Conklin and James Shelby present.

3. Approval of Commission Meeting Minutes for:
January 5, 2011

Upon motion of Commissioner Shelby, seconded by Commissioner Conklin and unanimously carried in a vote by roll call with Chairperson Shimazu and Commissioners Conklin and Shelby voting yes, the Commission approved the meeting minutes for January 5, 2011.

Chairperson Shimazu indicated that item 4 of the agenda would be heard in the afternoon session.

(See below)

5. Applications for Approval of Renewal of State Gambling Licenses (Pursuant to Business and Professions Code section 19876):

A. Central Coast Casino (Paso Robles): David Stearns, Sole Proprietor

Deputy Director Tina Littleton indicated that staff recommended the Commission approve the renewal application for the licensure period of February 1, 2011 through January 31, 2013 with the following condition:

David Stearns must provide, within thirty (30) days of this approval, written confirmation to the Bureau and Commission confirming that the pending county tax lien has been satisfied.

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Upon motion of Commissioner Shelby, seconded by Chairperson Shimazu and unanimously carried in a vote by roll call with Chairperson Shimazu and Commissioners Conklin and Shelby voting yes, the Commission approved the staff recommendation.

B. S & K Cardroom:

Otho Smith, Sole Proprietor

Deputy Director Tina Littleton indicated that staff recommended the Commission approve the renewal application for the licensure period of February 1, 2011 through January 31, 2013.

Upon motion of Commissioner Shelby, seconded by Commissioner Conklin and unanimously carried in a vote by roll call with Chairperson Shimazu and Commissioners Conklin and Shelby voting yes, the Commission approved the staff recommendation.

6. Applications for Approval of Initial Key Employee Portable Personal Licenses (Pursuant to Business and Professions Code section 19854):

- A. Frank Calamia
- B. Luana Del Castillo
- C. Stafford Nelson

Deputy Director Tina Littleton indicated that the Bureau of Gambling Control recommended that the Commission approve the initial applications in items 6A through 6C. Staff has reviewed the Bureau's reports and concurred with their recommendations.

Upon motion of Commissioner Shelby, seconded by Chairperson Shimazu and unanimously carried in a vote by roll call with Chairperson Shimazu and Commissioners Conklin and Shelby voting yes, the Commission approved the staff recommendation.

7. Applications for Approval of Conversion of Third-Party Providers of Proposition Player Services /Gambling Business Supervisor/Player Registrations to Licenses (Pursuant to CCR, Title 4, sections 12218 and 12233):

- A. California Gaming Consultants:
 - Players: Timothy Tay Jennifer Vinlove
- B. CB Certified Banker, Inc.:
 - Players: Meng Chea Joey Muniz
- C. Gaming Management, LLC:
 - Players: Brenda Saephan Miguel Villalobos
- D. Pacific Gaming Services, LLC:
 - Players: Fredrick Dale

Deputy Director Tina Littleton indicated that the Bureau of Gambling Control recommended that the Commission approve the conversion applications in item 7A

through 7D. Staff has reviewed the Bureau's reports, concurred with their recommendations; and, recommended approval through January 31, 2013.

Upon motion of Commissioner Shelby, seconded by Commissioner Conklin and unanimously carried in a vote by roll call with Chairperson Shimazu and Commissioners Conklin and Shelby voting yes, the Commission approved the staff recommendation.

8. Consideration and Approval of the Commission's 2011 Rulemaking Calendar for Publication in the California Regulatory Notice Register. [Govt. Code section 11017.6]

Deputy Director Tina Littleton indicated that staff recommended the Commission approve the rulemaking calendar for filing with the Office of Administrative Law and publication in the California Regulatory Notice Register.

Upon motion of Chairperson Shimazu, seconded by Commissioner Conklin and unanimously carried in a vote by roll call with Chairperson Shimazu and Commissioners Conklin and Shelby voting yes, the Commission approved the staff recommendation.

CONSENT CALENDAR ITEMS:

9. Request for Recognition of Eligibility to Conduct Remote Caller Bingo Games (Pursuant to Penal Code section 326.3 and California Code of Regulations, Title 4, section 12504):

Saint Pius X Catholic Church, Chula Vista, CA

10. Applications for Approval of Initial Work Permits (Pursuant to Business and Professions Code section 19912):

- | | | |
|------------------------|---------------------|---------------|
| A. Kelly's: | Curt Mieczkowski | |
| B. Napa Valley Casino: | William Forbess, II | Teresa Vandal |
| C. Oasis Cardroom: | Ryan Sipes | |

11. Applications for Approval of Renewal Work Permits (Pursuant to Business and Professions Code section 19912):

The 101 Casino: Anthony Perry Larry Rawson

12. Applications for Approval of Renewal of Third Party Providers of Proposition Player Services/Gambling Business Supervisor/Player Licenses (Pursuant to California CCR, Title 4, sections 12218.8 and 12238).

- | | | |
|-----------------------------------|--------------|---------------|
| A. California Gaming Consultants: | | |
| Player: Thelma Chapman | | |
| B. Gaming Management, LLC | | |
| Supervisor: Phong Le | James Razon | |
| Player: Leo Anthony Corpuz | Philip Deyro | Brendan Doyle |
| Crystal Salanoa | | |

13. Applications for Approval of Initial Tribal-State Compact Key Employee Findings of Suitability (Pursuant to the Tribal-State Gaming Compact, section 6.4.4):
- A. Agua Caliente Casino Resort Spa – Agua Caliente Band of Cahuilla Indians:
Harold Karina Elenes Ernesto Hernandez,
Dachenhausem Jr.
Myla Higby Luciano Santoro, Jr. Larry Scarborough
 - B. Augustine Casino - Augustine Band of Cahuilla Mission Indians:
Julio Figueroa Mark Valencia
 - C. Barona Resort and Casino - Barona Band of Mission Indians:
Robert Newman
 - D. Bear River Casino - Bear River Band of the Rohnerville Rancheria:
LaVerne Dobereiner David Leeper Kristopher
Mendenhall
 - E. Chukchansi Gold Resort and Casino – Picayune Rancheria of the Chukchansi Indians:
Roger Czerwin Jessica Hutchens
 - F. Colusa Casino Resort – Cachil Dehe Band of Wintun Indians of the Colusa Indian Community of the Colusa Rancheria:
Leslie Wiley
 - G. Havasu Landing Resort & Casino – Chemehuevi Indian Tribe of the Chemehuevi Reservation:
Gail Cox
 - H. Mono Wind Casino – Big Sandy Rancheria Band of Western Mono Indians:
Frances Houston-Bailey
 - I. Morongo Casino Resort & Spa – Morongo Band of Cahuilla Indians of the Morongo Reservation:
Christian Bourdel Rebecca Shack
 - J. Pala Casino Spa Resort – Pala Band of Mission Indians:
Gary Phillips Gabriel Rodarte
 - K. Pechanga Resort & Casino – Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation:
Thu Nguyen Ronnakorn
Suriyamongkol
 - L. Red Hawk Casino – Shingle Springs Band of Miwok Indians:
Robert Almo Daothiam Hanoumane
 - M. San Manuel Indian Bingo and Casino – San Manuel Band of Serrano Mission Indians of the San Manuel Reservation:
Miraflor Bliss Pornteva Hoc Tram
Chittasene
 - N. Sho-Ka-Wah Casino – Hopland Band of Pomo Indians of the Hopland Rancheria:
Tami Hamblen
 - O. Spotlight 29 Casino - Twenty-Nine Palms Band of Mission Indians:
Christina Santillan
 - P. Sycuan Casino & Resort- Sycuan Band of the Kumeyaay Nation:
Monte Carson Isabel Sepehri Elthon Stenberg, Jr.
 - Q. Table Mountain Casino - Table Mountain Rancheria:

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- | | | |
|---|----------------|-------------------|
| Vong Vang | Nicholas Ware | Regina Wilson |
| R. Tachi Palace Hotel and Casino – Santa Rosa Indian Community of the Santa Rosa Rancheria: | | |
| Teresa Banuelos | Joshua Donahue | Kathleen Mortimer |
| Helen Rocha | Missie Spence | Senen Vita |
| S. Thunder Valley Casino Resort - United Auburn Indian Community of the Auburn Rancheria: | | |
| David Tang | | |
| T. Valley View Casino & Hotel – San Pasqual Band of Diegueno Mission Indians: | | |
| Cypress Jereza | | |
| U. Win-River Casino – Redding Rancheria: | | |
| Kristy Hand | | |

14. Applications for Approval of Renewal Tribal-State Compact Key Employee Findings of Suitability (Pursuant to the Tribal-State Gaming Compact, section 6.4.4):

- | | | |
|---|---------------------|--------------------|
| A. Agua Caliente Casino Resort Spa – Agua Caliente Band of Cahuilla Indians: | | |
| Daniel Clinard | Jerry Fry | Derek Fryer |
| Brian Jacobsen | William Kieler, III | Bartosz Makas |
| Debbie Romero | Karl Siffleet | Cornelio Soria |
| Jerry Velasquez | Stephen Williams | Michael Wohlenberg |
| B. Barona Resort and Casino - Barona Band of Mission Indians: | | |
| Carl Hammett | | |
| C. Black Oak Casino – Tuolumne Band of Me-Wuk Indians of the Tuolumne Rancheria: | | |
| Ryan Wynne | | |
| D. Blue Lake Casino and Hotel - Blue Lake Rancheria: | | |
| Matthew Hadley | | |
| E. Chukchansi Gold Resort and Casino – Picayune Rancheria of the Chukchansi Indians: | | |
| Jesseca Leung | | |
| F. Desert Rose Casino – Alturas Rancheria: | | |
| Brooke McGirr/Fredrickson | | |
| G. Jackson Rancheria Casino & Hotel – Jackson Rancheria Band of Miwuk Indians: | | |
| James Arnold | | |
| H. Mono Wind Casino – Big Sandy Rancheria Band of Western Mono Indians: | | |
| Charles Dandy | Carolyn Silva | |
| I. Morongo Casino Resort & Spa – Morongo Band of Cahuilla Indians of the Morongo Reservation: | | |
| George Manuel | | |
| J. Pala Casino Spa Resort – Pala Band of Mission Indians: | | |
| Monika DiMaggio | Genevieve Harding | Elaine Martinez |
| Eileen Moua | Joseph Talarico | |
| K. Pechanga Resort and Casino – Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation: | | |
| Robert Ackles | Richard Dominguez | Larry Dyson |
| Rodney Lacsamana | Anthony Lee | Sophia Lien |

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- Ricky Montgomery Peter Pham Rocio Robles
- L. Quechan Casino Resort - Quechan Tribe of the Fort Yuma Indian Reservation:
Peggy Phillips
- M. River Rock Casino – Dry Creek Rancheria Band of Pomo Indians:
Robert Montgomery
- N. Soboba Casino - Soboba Band of Luiseno Indians:
Kraig Fuller Jason Lankford Shawn McDonald
John Neely Richard Royce Blendi Shehu
- O. Spotlight 29 Casino - Twenty-Nine Palms Band of Mission Indians:
Charlene Bolanos Terry Caudill, III Karen Cordova
Joseph Jefferson Earl Thomas
- P. Tachi Palace Hotel & Casino – Santa Rosa Indian Community of the Santa Rosa Rancheria:
Aurora Gutierrez
- Q. Thunder Valley Casino Resort - United Auburn Indian Community of the Auburn Rancheria:
Gail Almasi Patrick Crawley Sattaya Kaysavang
Yuen Man Li Irene Luong Todd Neely
Matthew Rauman May Saeturn Chanda Thach
Christopher Syhone Wong
Vialpando

Deputy Director Tina Littleton indicated that staff recommended the Commission approve agenda items 9, 10, 11, 12, 13 and 14.

Upon motion of Commissioner Shelby, seconded by Commissioner Conklin and unanimously carried in a vote by roll call with Chairperson Shimazu and Commissioners Conklin and Shelby voting yes, the Commission approved the staff recommendation.

Chairperson Shimazu recessed open session at 10:10 a.m.

Reconvene to Open Session: 1:30 p.m.

1. Call to Order
Chairperson Stephanie Shimazu reconvened the meeting to order at 1:30 p.m.
2. Revenue Sharing Trust Fund Final Report for Distribution to Eligible Recipient Indian Tribes for Quarter Ending December 31, 2010 – Quarterly License Revenue Received and Shortfall

Cindy Thompson, Acting Deputy Director, Compliance Division indicated item 2 relates to the Revenue Sharing Trust Fund Final Report for Distribution to Eligible Recipient Indian Tribes for Quarter Ending December 31, 2010 -- Quarterly License Revenue Received and Shortfall. Ms. Thompson further indicated that staff

recommended approval of this distribution to eligible Tribes and additionally, recommended that the Commission withhold payments for the following four Tribes:

- Alturas Indian Rancheria
- California Valley Miwok Tribe
- Death Valley Timbi-Sha Shoshone Band of California
- Elem Indian Colony of Pomo Indians of Sulphur Bank Rancheria

Mr. Anthony Cohen, representing the Elem Colony, indicated that the Tribe appreciated the Commission's recommendation to withhold as opposed to sending the check to the Tribal Chair. Mr. Cohen presented a review and update regarding the dispute about to whom the check should be sent. Mr. Cohen further indicated that the Tribe has not received benefit of the of previous Revenue Sharing Trust Funds for some time because they are held by the court and without this distribution the Tribe will have a hard time conducting governmental operations. Mr. Cohen stated that it would be particularly difficult to use the litigation process to solidify the standing and to make sure the money is in the Tribe's hands. Mr. Cohen urged the Commission to distribute the money to the Bureau of Indian Affairs (BIA) recognized Chair or to the Secretary/Treasurer who is authorized by the constitution to receive it.

Ms. Cristina Kazhe, representing the Elem Colony, in regards to the dispute regarding the results of the last election. Ms. Kazhe indicated the Elem Colony requested she attend the meeting to communicate to the Commission that they do not object to the withholding of the funds. Whom the BIA recognizes as council has not been decided and is currently under appeal and they would support the withholding of funds until a decision is made in the matter.

Ms. Karen Smith, member of the Elem Colony, wanted to inform the Commission that Cristina Kazhe is not her attorney.

Upon motion of Chairperson Shimazu, seconded by Commissioner Shelby and unanimously carried in a vote by roll call with Chairperson Shimazu and Commissioners Conklin and Shelby voting yes, the Commission approved the staff recommendation.

4. Application for Approval of A) Temporary State Gambling License; B) Request for Approval to Remove Conditions from State Gambling License; and, C) Request for Approval of Renewal of State Gambling License (Pursuant to Business and Professions Code section 19824(f) 19876 and 19824(b)):

- | | |
|--------------------------|--|
| A. Diamond Jim's Casino: | Zephyr Inter Vivos Trust
Joseph Etienne, Co-Trustee |
| B. Diamond Jim's Casino: | Wizard Gaming, Inc.* |
| C. Diamond Jim's Casino: | Wizard Gaming, Inc.* |

Deputy Director Tina Littleton indicated staff's recommendations for items 4A, B and C concurrently. For item 4A, staff recommended the Commission

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approve the temporary application for the period January 27, 2011 through January 31, 2012 with the following conditions:

1. The temporary initial license takes effect on the date that the Commission approves the request and expires January 31, 2012. If more time is needed to complete the background process, then the temporary state gambling license can be extended for an appropriate amount of time after consultation with the Bureau.
2. Issuance of a temporary license does not obligate the Commission to grant a permanent license. Issuance of a temporary license does not create a vested right in the holder to either extension of the temporary license or to a regular license.
3. Issuance of this temporary license does not in any way change the legal requirement that the applicant bears the burden of establishing that s/he is suitable pursuant to Section 19856(a) for a regular license.
4. Issuance of this temporary license does not change the license qualification requirements of the Gambling Control Act, including but not limited to Sections 19856, 19857, 19858, and 19859.
5. The applicant has an application pending for a regular state gambling license. A regular license may or may not be issued, depending upon the results of the complete background investigation and upon the conduct of the applicant and its employees during the term of the temporary license.
6. If, during the term of the temporary license, the Executive Director determines that any particular applicant is disqualified for any of the reasons set forth in Business and Professions Code section 19859, the Executive Director shall prepare an order to show cause why that applicant's temporary license should not be cancelled, which shall be considered at the first available noticed Commission meeting. The applicant may address the Commission by way of an oral statement at the noticed Commission meeting and/or may submit documents in support of the temporary licensure not less than five days prior to the meeting. Either in writing not less than five days prior to the meeting or at the meeting itself, the applicant may request an evidentiary hearing.
7. If, during the term of the temporary license, the Executive Director determines that any particular applicant may have violated one or more of the conditions under which the temporary license was issued, the Executive Director shall prepare an order to show cause why that applicant's temporary license should not be cancelled, which shall be considered at the first available noticed Commission meeting. The applicant may address the Commission by way of an oral statement at the noticed Commission meeting and/or may submit documents in support of the temporary licensure not less than five days prior to the meeting. Either in writing not less than five days prior to the meeting or at the meeting itself, the applicant may request an evidentiary hearing.

For agenda item 4B, staff recommended the Commission remove the three existing conditions on Wizard's state gambling license which are as follows:

1. Until the Commission has had an opportunity to make an informed decision regarding the Mexican "felony conviction" of George Hardie Jr., beneficiary of the Zephyr Inter Vivos Trust (Trust), no funds or other

- assets shall be distributed from Wizard Gaming, Inc. or Diamond Jim's Casino to the Trust or George Hardie Jr., unless by prior approval of the Commission. This condition does not prevent the cardroom or Wizard Gaming, Inc. from distributing adequate funds to George Hardie Jr. or the Trust to satisfy the Trust's taxes, assessment or any other obligation, which may be due and payable by the Trust from Wizard Gaming, Inc. or the cardroom's operation.*
- 2. Pursuant to B&P code sections 19930(a)(b), 19826(b)(c), and Title 4, CCR section 12550(d)(4), the Commission directs the Bureau to investigate and make recommendation on the information received by the Commission regarding the "felony conviction" of George Hardie Jr. in Mexico in order to determine whether Commission action is required or whether an emergency order could be issued in order to preserve the public peace, health, safety, or general welfare.*
 - 3. The Commission requests George Hardie, Jr. or his designated agent (Harlan Goodson) to provide the Commission and Bureau information or documents pertaining to the felony conviction of George Hardie Jr. and the ongoing "appeals" in Mexico so the Commission and Bureau may determine whether any action of the Commission is required.*

For item 4C, staff recommended the Commission deny Wizard's and its shareholders renewal applications.

Discussion ensued regarding the issues in items 4A through 4C: the facts of the investigation of George Hardie, Jr., suitability of George Hardie, Jr., George Deitch and Joseph Etienne's role with the Zephyr Inter Vivos Trust, and the transfer of shares to the Zephyr Inter Vivos Trust. In the discussion, the following people addressed the Commission and/or answered questions from the Commissioners:

Mr. Stephen Meyer, representing George Hardie Jr.

Mr. Harlan Goodson, representing George Hardie Jr., George Deitch, and the Zephyr Inter Vivos Trust

Mr. Alan Isaacman and Mr. Steve Blackman, representing Wizard Gaming, Inc. and Jean Cuicchi

Mr. David Vialpando, Special Agent in Charge, Bureau of Gambling Control, Department of Justice

Ms. Michelle Laird, Deputy Attorney General, Department of Justice

Mr. George Hardie Jr.

Ms. Tracy Hom, representing George Deitch and the Zephyr Inter Vivos Trust

Mr. Joseph Etienne

Chairperson Shimazu moved to approve the temporary license for Mr. Etienne; remove the conditions in item 4B; and, extend Wizard Gaming, Inc.'s state gambling license for 90 days. Chairperson Shimazu further moved that the parties will release distributions and shares to the trust, enter into mediation, and provide a report to the Commission in 90 days on the status of the mediation efforts.

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Ms. Tracy Hom requested that she be able to make that representation to the probate court so that the money can be released and the loan to George Hardie, Sr. can be paid.

Mr. David Bass, Attorney for Mr. Etienne, proposed a report to the Commission in 90 days indicating good faith efforts to resolve all issues and an extension of six months to the license to develop plans for business and legal solutions.

Chairperson Shimazu clarified the motion, to approve the staff recommendation on item 4A; approve the staff recommendation on item 4B; and, extend the state gambling license for Wizard Gaming Inc. and its endorsees for 90 days with the following condition for item 4C:

Wizard Gaming, Inc. shall provide the Commission with a report regarding its efforts to resolve all outstanding disputes among the licensees and demonstrates a plan of action to operate Diamond Jim's in a manner which complies with the Gambling Control Act.

Mr. Harlan Goodson asked if the consideration of the renewal applications would be on the agenda at the 90 days.

Chairperson Shimazu indicated that it would and the Commissions options would be to approve, deny or extend.

Norm Pierce, Bureau of Gambling Control wanted to clarify that when this matter of renewal comes back before the Commission, that it will not be upon the Bureau to provide a report of its' findings and to investigate the various allegations that have been brought to the Commission in this meeting. The Bureau would prefer to look into these matters separate and apart from the current question of renewal.

Mr. Harlan Goodson requested clarification regarding if the shares that belong to the Zephyr Inter Vivos Trust would be transferred to Mr. Etienne, Co-Trustee, and, would he hold legal title to them.

Chairperson Shimazu responded affirmatively.

Commissioner Shelby seconded the motion and it unanimously carried in a vote by roll call with Chairperson Shimazu and Commissioners Conklin and Shelby voting yes.

PUBLIC COMMENT

There was no public comment at this time.

ADJOURNMENT

Chairperson Shimazu adjourned the meeting at 4:30 p.m.